

# News from Ed Markey

United States Congress

Massachusetts Seventh District

FOR IMMEDIATE RELEASE

February 11, 2002

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## MARKEY RELEASES UNIVERSAL SERVICE REPORT

### G.A.O. Highlights Challenges to System Assuring Affordability for all Americans

WASHINGTON, D.C. --

- U.S. Rep. Edward J. Markey (D-MA), Ranking Democrat on the House Subcommittee on Telecommunications and the Internet, today released a General Accounting Office (GAO) report on "Federal and State Universal Service Programs and Challenges to Funding." At Rep. Markey's request, the GAO analyzed the nation's universal service system -- Federal and State subsidy programs that have helped make telecommunications services more affordable to low income users, citizens in rural localities, rural health care providers, K-12 schools, libraries and the disabled community. The GAO report also discusses the policy implications of widespread adoption of Internet-based telecommunications services, including voice services such as so-called 'IP telephony,' which today are not included in subsidy programs. Finally, the GAO included a survey of local telephone rates for urban, suburban, and rural consumers in all 50 states. The following is Rep. Markey's statement about the GAO's findings:

"The universal service system has been successful in meeting its historic obligations, but it ought to be reformed to more equitably balance obligations among consumers in different areas of the country as well as to reflect rapidly changing technology and competition in the marketplace. As our telecommunications marketplace continues its transformation into one based upon the tools of the Internet, it is clear that innovation will challenge structures designed in an earlier era. I continue to believe that new technologies and innovation can help to dramatically lower the costs needed to sustain age-old subsidy programs. Embracing such technological change will allow consumers to obtain lower prices, enhance access across socio-economic levels throughout the country, and provide regulators with the welcome opportunity to lower over-all subsidy levels.

"The Telecomm Act of 1996 began the process of changing decades-old policy by creating a flexible blueprint for evolving universal service support and obligations. Universal service goals will become increasingly difficult to achieve with current regulations that depend solely upon the historic, corporate parentage of the entity providing the telecommunications service rather than on the nature of the service itself. This is a timely GAO analysis in light of media reports highlighting that the "digital divide" still persists between Net users and non-users based upon race, ethnicity and geography.

"Moreover, the GAO report indicates inequity in telephone rates charged to consumers throughout the country. For example, telephone rates in Boston, Massachusetts are \$17.34 a month, while they are \$20.16 in New York City; \$15.00 in Wheeling, WY; \$12.80 in Portland, OR; \$12.53 in Charlotte, NC; \$12.64 in New Orleans; \$10.69 in Sacramento, CA; and \$9.05 in Las Vegas, NV. Yet the GAO found great disparities not only among urban areas of the various States, but also among rural communities themselves. For example, rates are \$4.22 in Pocahontas, IL, \$16.73 in Dillon, MT, and \$20.88 in

Polkville, MS. Rates for rural areas within the same state also vary widely -- rates are \$23.10 in Caspar, WY yet \$48.50 in Hudson, WY; \$7.10 in Roaring Springs, TX yet \$20.00 in Putnam, TX; and \$9.70 in Anchorage while \$19.23 in Toksook Bay, Alaska." (The GAO report to Rep. Markey will be available later today on the GAO website, [www.gao.gov](http://www.gao.gov).)

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